

Message Text

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ACTION STR-07

INFO OCT-01 EA-12 IO-14 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-01 H-02 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02
OMB-01 DOE-15 /136 W
-----097066 121201Z /15

P 121039Z APR 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 7013
USMISSION GENEVA PRIORITY

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MTN

PASS STR FOR BARREDA

E.O. 11652: NA
TAGS: ETRD, MTN, JA, US
SUBJECT: STRAUSS-USHIBA STATEMENT FOLLOW UP: JAPANESE
GOVERNMENT PROCUREMENT: TEXT OF FINANCE MINISTRY NOTIFICA-
TION IMPLEMENTING CABINET DECISION ON LIBERALIZING GOJ
GOVERNMENT PROCUREMENT PRACTICE

REF: TOKYO 6181

FOLLOWING IS MINISTRY OF FOREIGN AFFAIRS' PROVISIONAL
TRANSLATION OF FINANCE MINISTRY BUDGET BUREAU NOTIFICATION
(DIRECTIVE NO. 875 OF APRIL 1) (SEE REFTTEL) IMPLEMENTING
THE JANUARY 13, 1978 CABINET DECISION ON LIBERALIZING
JAPANESE GOVERNMENT PROCUREMENT PRACTICE:

- (NOTIFICATION)
- DIRECTIVE NO. 875

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- APRIL 1, 1978
- BUDGET BUREAU,
- MINISTRY OF FINANCE

ON ACHIEVING MORE RATIONAL CONTRACT PROCEDURES

IT IS RECOGNIZED THAT IN CONTRACT PROCEDURES RATIONAL

PRACTICE HAS BEEN SOUGHT, IN ACCORDANCE WITH THE LAWS AND REGULATIONS GOVERNING PUBLIC ACCOUNTS. NEVERTHELESS, IN VIEW OF THE CURRENT ECONOMIC SITUATION, A CABINET DECISION "IMPROVEMENT OF PROCUREMENT OPERATIONS OF THE GOVERNMENT AND GOVERNMENT-AFFILIATED AGENCIES" WAS ISSUED ON JAN. 13, 1978. IN THEIR CONTRACT PROCEDURES, THOSE CONCERNED ARE URGED TO MAKE YET FURTHER EFFORTS TO ACHIEVE GREATER RATIONALIZATION, BEARING IN MIND THE FOLLOWING POINTS. IT IS REQUESTED THAT THE CONTENTS OF THIS DIRECTIVE BE MADE KNOWN TO THE VARIOUS BUREAUS AND DEPARTMENTS CONCERNED OF YOUR MINISTRY OR AGENCY.

1. GREATER RECOURSE TO COMPETITIVE CONTRACT PROCEDURES

(1) IN DECIDING THE PARTY WITH WHOM TO CONCLUDE A CONTRACT, THE GENERAL PRINCIPLE IS THE USE OF THE OPEN COMPETITION CONTRACT METHOD (OPEN TENDERING PROCEDURES). WHEN IT IS IMPOSSIBLE OR INAPPROPRIATE TO USE THE OPEN COMPETITION CONTRACT METHOD BECAUSE OF THE NATURE OR THE OBJECTIVE OF THE CONTRACT IN QUESTION OR WHEN CERTAIN OTHER CONDITIONS EXIST, THEN THE SELECTIVE COMPETITION CONTRACT METHOD (SELECTIVE TENDERING PROCEDURES) OR PRIVATE CONTRACT (SINGLE TENDER) SHALL BE USED. WHEN THE SUM INVOLVED IN THE CONTRACT IS EXPECTED TO BE SMALL OR IN OTHER SPECIAL CASES, SELECTIVE COMPETITION CONTRACT OR PRIVATE CONTRACT

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MAY BE USED.

(2) THE REASON FOR THE OPEN COMPETITION CONTRACT BEING THE GENERAL PRINCIPLE IS THAT IT BEST ENSURES THE PRINCIPLE OF EQUAL OPPORTUNITY AND THE MAINTENANCE OF EQUITY. IT IS ALSO THE MOST EFFICIENT METHOD IN TERMS OF THE BEST USE OF PUBLIC FUNDS, SINCE, WITH THIS METHOD, THE GOVERNMENT CAN SELECT THE APPLICANT WHO HAS OFFERED THE BEST TERMS IN COMPETITION WITH A GREAT NUMBER OF OTHER PARTICIPANTS.

(3) IN THE LIGHT OF THE OBJECTIVES OF THE CONTRACT SYSTEM, THE NEED FOR RATIONAL USE OF BUDGETARY ALLOCATIONS AND RECENT ENVIRONMENTS SURROUNDING GOVERNMENT CONTRACTS, ETC., IT IS URGED THAT, IN CONCLUDING CONTRACTS, EVEN WHEN RECOURSE TO PRIVATE CONTRACT IS ADMISSIBLE UNDER THE RELEVANT LAWS AND REGULATIONS, RECOURSE TO THAT METHOD SHOULD NOT BE HAD TOO READILY. RATHER, DEPENDING ON THE TYPE AND THE VALUE OF THE CONTRACT INVOLVED, UTILIZATION OF A COMPETITIVE METHOD, WITH A LARGE NUMBER OF PARTICIPANTS, INCLUDING AS MANY FOREIGN SUPPLIERS AS POSSIBLE, SHOULD BE AIMED AT.

2. IMPROVEMENT OF THE WORKING OF COMPETITIVE
CONTRACT PROCEDURES

(1) IN INVITING APPLICATIONS TO BECOME QUALIFIED
PARTICIPANTS IN TENDERING AND PARTICIPATION IN OPEN
COMPETITIVE TENDERING A PUBLIC NOTICE IS TO BE ISSUED
IN ORDER TO HAVE AS MANY PARTICIPANTS AS POSSIBLE.
HOWEVER, IT IS FREQUENTLY THE CASE THAT ONLY POSTERS
ARE USED AS THE MEANS OF GIVING PUBLIC NOTICE. WITH
A VIEW TO FURTHER INCREASING THE EFFICACY OF
COMPETITIVE CONTRACT TENDERING, IT IS DESIRABLE THAT
AS MANY APPLICATIONS FOR QUALIFICATION AND AS MANY
TENDERS AS POSSIBLE BE ENSURED. THEREFORE, THE USE
OF MORE EFFECTIVE MEANS OF GIVING PUBLIC NOTICE
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ACTION STR-07

INFO OCT-01 EA-12 IO-14 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-01 H-02 INR-10
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SHOULD BE SOUGHT TO ACHIEVE GREATER PUBLICITY, MAKING
USE OF NEWSPAPERS, THE OFFICIAL GAZETTES, ETC.,
DEPENDING UPON THE TYPE OR VALUE OF A CONTRACT, EVEN
IN THE CASE OF A CONTRACT AT PRESENT ANNOUNCED ONLY
BY POSTERS. WHEN MAKING USE OF POSTER, ADEQUATE
CONSIDERATION SHOULD BE GIVEN TO SUCH MATTERS AS
THEIR LOCATION IN THE INTERESTS OF WIDE PUBLICITY.

(2) THE CONTENTS OF THE PUBLIC NOTICE SHOULD BE AS SPECIFIC AND DETAILED AS POSSIBLE SO THAT THOSE WHO WOULD BE PARTICIPATING IN TENDERING FOR THE FIRST TIME MAY UNDERSTAND IT FULLY.

(3) IN THE CASE OF AN OPEN COMPETITION CONTRACT, THE NOTICE IS TO BE ISSUED AT LEAST TEN DAYS BEFORE THE DAY BEFORE THE DATE FOR OPENING OF BIDS. IN CASES WHERE THE SUMS INVOLVED ARE LARGE AND IT IS BELIEVED THAT THERE WILL BE MANY POTENTIAL PARTICIPANTS, THE PERIOD FOR SUBMITTING TENDERS SHOULD BE MADE AS LONG AS POSSIBLE SO THAT DISTANT SUPPLIERS (INCLUDING FOREIGN SUPPLIERS) MAY PARTICIPATE IN TENDERING AND ALL WHO WISH TO PARTICIPATE MAY PREPARE ADEQUATELY. IN THE CASE OF SELECTIVE COMPETITIVE CONTRACT ALSO, DUE CONSIDERATION SHOULD BE GIVEN TO

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THESE POINTS, EVEN THOUGH THERE IS NO PROVISION IN THE RELEVANT LAWS AND REGULATIONS CONCERNING THE LENGTH OF THE PERIOD.

(4) OTHER OPERATIONAL IMPROVEMENTS SHOULD BE MADE TO INCREASE THE EFFICACY OF THE COMPETITIVE CONTRACT-AWARDING SYSTEM; APPLICATIONS TO BECOME QUALIFIED PARTICIPANTS IN FUTURE TENDERING SHOULD BE ACCEPTED AT ANY TIME IN ORDER THAT NEW SUPPLIERS MAY PARTICIPATE IN TENDERING, AND THE SUBMISSION OF TENDERS BY MAIL SHOULD, DEPENDING UPON THE TYPE OF CONTRACT, BE UTILIZED IN ORDER TO ENSURE THAT DISTANT SUPPLIERS MAY PARTICIPATE IN THE COMPETITION, ETC. MANSFIELD

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